



## **City of Sand Point, Alaska**

**Basic Financial Statements, Required  
Supplementary Information, and  
Supplementary Information  
Year Ended June 30, 2016**

## **City of Sand Point, Alaska**

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Basic Financial Statements, Required Supplementary Information,  
and Supplementary Information  
Year Ended June 30, 2016

# City of Sand Point, Alaska

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# City of Sand Point, Alaska

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3601 C Street, Suite 600  
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## Independent Auditor's Report

Honorable Mayor and City Council  
City of Sand Point, Alaska

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Sand Point's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sand Point, Alaska, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 38 and the Schedules of Net Pension Liability and Pension Contributions on pages 39 through 41, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Supplementary and Other Information*

Our audit for the year ended June 30, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Sand Point as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated February 25, 2016 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2015 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017 on our consideration of City of Sand Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sand Point's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
March 30, 2017

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## Basic Financial Statements

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## City of Sand Point, Alaska

## Statement of Net Position

<i>June 30, 2016</i>	Govern- mental Activities	Business- type Activities	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 2,317,111	\$ 714,747	\$ 3,031,858
Accounts receivable, net	224,021	223,225	447,246
Internal balances	1,187,054	(1,187,054)	-
Investment in Southwest Governments, LLC	277,725	-	277,725
Capital assets not being depreciated	-	51,226	51,226
Other capital assets, net of accumulated depreciation	8,696,035	13,044,051	21,740,086
<b>Total Assets</b>	<b>12,701,946</b>	<b>12,846,195</b>	<b>25,548,141</b>
<b>Deferred Outflows of Resources - related to pensions</b>	<b>267,484</b>	<b>156,971</b>	<b>424,455</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 12,969,430</b>	<b>\$ 13,003,166</b>	<b>\$ 25,972,596</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 21,749	\$ 16,261	\$ 38,010
Accrued liabilities	93,346	1,685	95,031
Accrued interest payable	-	38,526	38,526
Noncurrent liabilities:			
Due within one year :			
Accrued leave	46,026	31,466	77,492
Bonds payable	-	65,000	65,000
Due in more than one year :			
Landfill closure costs payable	-	131,854	131,854
Bonds payable, net of current portion	-	2,370,000	2,370,000
Bond premium, net of accumulated amortization	-	364,602	364,602
Net pension liability	1,264,641	752,047	2,016,688
<b>Total Liabilities</b>	<b>1,425,762</b>	<b>3,771,441</b>	<b>5,197,203</b>
<b>Deferred Inflows of Resources - related to pensions</b>	<b>21,218</b>	<b>14,486</b>	<b>35,704</b>
<b>Net Position</b>			
Net investment in capital assets	8,696,035	10,295,675	18,991,710
Unrestricted (deficit)	2,826,415	(1,078,436)	1,747,979
<b>Total Net Position</b>	<b>11,522,450</b>	<b>9,217,239</b>	<b>20,739,689</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 12,969,430</b>	<b>\$ 13,003,166</b>	<b>\$ 25,972,596</b>

See accompanying notes to basic financial statements.

## City of Sand Point, Alaska

## Statement of Activities

Year Ended June 30, 2016	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		Total
		Charges for Services	Operating Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
<b>Governmental Activities</b>						
General government	\$ 1,438,448	\$ 132,201	\$ 22,548	\$ (1,283,699)	\$ -	\$ (1,283,699)
Parks and recreation	30,935	-	-	(30,935)	-	(30,935)
Public safety	593,350	-	12,669	(580,681)	-	(580,681)
Public works	1,122,641	180,017	24,556	(918,068)	-	(918,068)
Health clinic	-	42,171	-	42,171	-	42,171
Community development	32,160	24,014	-	(8,146)	-	(8,146)
<b>Total Governmental Activities</b>	<b>3,217,534</b>	<b>378,403</b>	<b>59,773</b>	<b>(2,779,358)</b>	<b>-</b>	<b>(2,779,358)</b>
<b>Business-type Activities</b>						
Bingo	646,186	750,654	-	-	104,468	104,468
Boat harbor	1,272,584	553,552	23,311	-	(695,721)	(695,721)
Refuse collection	292,283	178,226	8,179	-	(105,878)	(105,878)
Water and sewer	427,663	204,977	26,895	-	(195,791)	(195,791)
<b>Total Business-type Activities</b>	<b>2,638,716</b>	<b>1,687,409</b>	<b>58,385</b>	<b>-</b>	<b>(892,922)</b>	<b>(892,922)</b>
<b>Total</b>	<b>\$ 5,856,250</b>	<b>\$ 2,065,812</b>	<b>\$ 118,158</b>	<b>(2,779,358)</b>	<b>(892,922)</b>	<b>(3,672,280)</b>
<b>General Revenues</b>						
Taxes:						
Sales taxes				822,316	-	822,316
Local raw fish taxes				605,736	-	605,736
Accommodation taxes				14,020	-	14,020
Payment in lieu of taxes				150,000	-	150,000
Grants and entitlements not restricted to a specific purpose				491,204	-	491,204
Transfers				(132,494)	132,494	-
<b>Total General Revenues and Transfers</b>				<b>1,950,782</b>	<b>132,494</b>	<b>2,083,276</b>
Change in net position				(828,576)	(760,428)	(1,589,004)
<b>Net Position, beginning</b>				<b>12,351,026</b>	<b>9,977,667</b>	<b>22,328,693</b>
<b>Net Position, ending</b>				<b>\$ 11,522,450</b>	<b>\$ 9,217,239</b>	<b>\$ 20,739,689</b>

See accompanying notes to basic financial statements.

## City of Sand Point, Alaska

## Governmental Funds

## Balance Sheet

	Major Fund	Nonmajor	Total
<i>June 30, 2016</i>	General	Funds	Governmental Funds
<b>Assets</b>			
Cash and investments	\$ 2,137,341	\$ 179,770	\$ 2,317,111
Receivables:			
Sales tax	85,343	-	85,343
Fish tax	78,884	-	78,884
Other	59,794	-	59,794
Investment in Southwest Governments, LLC	277,725	-	277,725
Advance to other funds	939,827	-	939,827
Due from other funds	247,227	-	247,227
<b>Total Assets</b>	<b>\$ 3,826,141</b>	<b>\$ 179,770</b>	<b>\$ 4,005,911</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 21,749	\$ -	\$ 21,749
Accrued liabilities	93,346	-	93,346
<b>Total Liabilities</b>	<b>115,095</b>	<b>-</b>	<b>115,095</b>
<b>Fund Balances</b>			
Nonspendable:			
Investment in Southwest Governments, LLC	277,725	-	277,725
Advance to other funds	939,827	-	939,827
Assigned:			
Silver Salmon Derby	-	21,625	21,625
Clinic	-	158,145	158,145
Next year's budget	190,000	-	190,000
Unassigned	2,303,494	-	2,303,494
<b>Total Fund Balances</b>	<b>3,711,046</b>	<b>179,770</b>	<b>3,890,816</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,826,141</b>	<b>\$ 179,770</b>	<b>\$ 4,005,911</b>

See accompanying notes to basic financial statements.

**City of Sand Point, Alaska**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**

*June 30, 2016*

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Total fund balances for governmental funds	\$ 3,890,816
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation, consist of:	
Buildings	\$ 8,590,637
Improvements other than buildings	4,531,869
Equipment and vehicles	<u>1,997,618</u>
Total capital assets	15,120,124
Accumulated depreciation	<u>(6,424,089)</u>
Total capital assets, net	<u>8,696,035</u>
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:	
Accrued leave	(46,026)
Net pension liability	<u>(1,264,641)</u>
Total noncurrent liabilities	<u>(1,310,667)</u>
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.	
Deferred outflows of resources related to pensions	267,484
Deferred inflows of resources related to pensions	<u>(21,218)</u>
Total deferred pension items	<u>246,266</u>
<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 11,522,450</u></b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

## Governmental Funds

## Statement of Revenues, Expenditures and Changes in Fund Balances

	Major Fund	Nonmajor	Total
<i>Year Ended June 30, 2016</i>	General	Funds	Governmental Funds
<b>Revenues</b>			
Taxes	\$ 1,442,072	\$ -	\$ 1,442,072
State of Alaska	481,827	-	481,827
Federal government	51,590	-	51,590
Other revenues	462,218	66,185	528,403
<b>Total Revenues</b>	<b>2,437,707</b>	<b>66,185</b>	<b>2,503,892</b>
<b>Expenditures</b>			
Current:			
General government	908,468	-	908,468
Parks and recreation	23,485	-	23,485
Public safety	499,229	-	499,229
Public works	731,442	-	731,442
Community development	-	19,931	19,931
<b>Total Expenditures</b>	<b>2,162,624</b>	<b>19,931</b>	<b>2,182,555</b>
Excess of revenues over expenditures	275,083	46,254	321,337
<b>Other Financing Sources (Uses) :</b>			
Transfers in	384,081	-	384,081
Transfers out	(132,494)	(384,081)	(516,575)
<b>Net, Other Financing Sources (Uses)</b>	<b>251,587</b>	<b>(384,081)</b>	<b>(132,494)</b>
Net change in fund balances	526,670	(337,827)	188,843
<b>Fund Balances, beginning</b>	<b>3,184,376</b>	<b>517,597</b>	<b>3,701,973</b>
<b>Fund Balances, ending</b>	<b>\$ 3,711,046</b>	<b>\$ 179,770</b>	<b>\$ 3,890,816</b>

See accompanying notes to basic financial statements.

# City of Sand Point, Alaska

## Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities

*Year Ended June 30, 2016*

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Net change in fund balances - total governmental funds	\$ 188,843
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$770,294) exceeded capital outlays (\$0) in the current year.	
	(770,294)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	
Increase in accrued leave	(8,180)
Net increase in net pension liability and related deferred accounts	(238,945)
	<hr/>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (828,576)</u></b>

*See accompanying notes to basic financial statements.*

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Net Position

	Major Funds				Total
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	Enterprise Funds
<i>June 30, 2016</i>					
<b>Assets and Deferred Outflows of Resources</b>					
<b>Current Assets</b>					
Cash and investments	\$ 238,453	\$ -	\$ 429,473	\$ 46,821	\$ 714,747
Accounts receivable, net	-	95,045	69,311	58,869	223,225
<b>Total Current Assets</b>	<b>238,453</b>	<b>95,045</b>	<b>498,784</b>	<b>105,690</b>	<b>937,972</b>
<b>Noncurrent Assets</b>					
Buildings and improvements	-	10,795,390	19,400	4,572,242	15,387,032
Equipment and vehicles	14,541	613,642	498,629	177,509	1,304,321
Sanitary landfill	-	-	1,996,889	-	1,996,889
Construction in progress	-	51,226	-	-	51,226
Less accumulated depreciation	(14,541)	(1,346,135)	(1,738,756)	(2,544,759)	(5,644,191)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>10,114,123</b>	<b>776,162</b>	<b>2,204,992</b>	<b>13,095,277</b>
<b>Total Assets</b>	<b>238,453</b>	<b>10,209,168</b>	<b>1,274,946</b>	<b>2,310,682</b>	<b>14,033,249</b>
<b>Deferred Outflows of Resources, related to pensions</b>	<b>-</b>	<b>105,848</b>	<b>36,134</b>	<b>14,989</b>	<b>156,971</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 238,453</b>	<b>\$ 10,315,016</b>	<b>\$ 1,311,080</b>	<b>\$ 2,325,671</b>	<b>\$ 14,190,220</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ -	\$ 5,543	\$ 610	\$ 10,108	\$ 16,261
Accrued leave	-	25,958	4,013	1,495	31,466
Accrued payroll	1,685	-	-	-	1,685
Accrued interest payable	-	38,526	-	-	38,526
Current portion of bonds payable	-	65,000	-	-	65,000
Due to other funds	-	247,227	-	-	247,227
<b>Total Current Liabilities</b>	<b>1,685</b>	<b>382,254</b>	<b>4,623</b>	<b>11,603</b>	<b>400,165</b>
<b>Noncurrent Liabilities</b>					
Advance from other funds	176,561	-	-	763,266	939,827
Bonds payable, net of current portion	-	2,370,000	-	-	2,370,000
Bond premium, net	-	364,602	-	-	364,602
Landfill closure costs payable	-	-	131,854	-	131,854
Net pension liability	-	508,372	168,415	75,260	752,047
<b>Total Noncurrent Liabilities</b>	<b>176,561</b>	<b>3,242,974</b>	<b>300,269</b>	<b>838,526</b>	<b>4,558,330</b>
<b>Total Liabilities</b>	<b>178,246</b>	<b>3,625,228</b>	<b>304,892</b>	<b>850,129</b>	<b>4,958,495</b>
<b>Deferred Inflows of Resources, related to pensions</b>	<b>-</b>	<b>10,028</b>	<b>2,367</b>	<b>2,091</b>	<b>14,486</b>
<b>Net Position (Deficit)</b>					
Net investment in capital assets	-	7,314,521	776,162	2,204,992	10,295,675
Unrestricted (deficit)	60,207	(634,761)	227,659	(731,541)	(1,078,436)
<b>Total Net Position</b>	<b>60,207</b>	<b>6,679,760</b>	<b>1,003,821</b>	<b>1,473,451</b>	<b>9,217,239</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 238,453</b>	<b>\$ 10,315,016</b>	<b>\$ 1,311,080</b>	<b>\$ 2,325,671</b>	<b>\$ 14,190,220</b>

See accompanying notes to basic financial statements.



## City of Sand Point, Alaska

## Enterprise Funds

## Statement of Revenues, Expenses and Changes in Net Position (Deficit)

<i>Year Ended June 30, 2016</i>	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
<b>Operating Revenues</b>	\$ 750,654	\$ 553,552	\$ 178,226	\$ 204,977	\$ 1,687,409
<b>Operating Expenses</b>					
Salaries and benefits	36,909	543,386	161,453	122,980	864,728
Services and supplies	609,277	136,858	36,112	170,085	952,332
Depreciation	-	475,027	94,718	134,598	704,343
<b>Total Operating Expenses</b>	646,186	1,155,271	292,283	427,663	2,521,403
Operating income (loss)	104,468	(601,719)	(114,057)	(222,686)	(833,994)
<b>Nonoperating Revenues (Expenses)</b>					
State PERS relief	-	23,311	8,179	3,161	34,651
Interest expense	-	(117,313)	-	-	(117,313)
<b>Net Nonoperating Revenues (Expenses)</b>	-	(94,002)	8,179	3,161	(82,662)
Income (loss) before capital contributions and transfer	104,468	(695,721)	(105,878)	(219,525)	(916,656)
Capital contributions	-	-	-	23,734	23,734
Transfers in	-	-	14,894	117,600	132,494
Change in net position	104,468	(695,721)	(90,984)	(78,191)	(760,428)
<b>Net Position (Deficit), beginning</b>	(44,261)	7,375,481	1,094,805	1,551,642	9,977,667
<b>Net Position, ending</b>	\$ 60,207	\$ 6,679,760	\$ 1,003,821	\$ 1,473,451	\$ 9,217,239

See accompanying notes to basic financial statements.

## City of Sand Point, Alaska

Enterprise Funds  
Statement of Cash Flows

Year Ended June 30, 2016	Major Funds				Total Enterprise Funds
	Bingo	Boat Harbor	Refuse Collection	Water and Sewer	
<b>Cash Flows from (for) Operating Activities</b>					
Receipts from customers	\$ 750,654	\$ 552,551	\$ 150,326	\$ 176,915	\$ 1,630,446
Payments for goods and services	(609,277)	(136,176)	(16,789)	(164,971)	(927,213)
Payments for salaries and benefits	(36,842)	(438,749)	(119,387)	(108,580)	(703,558)
Net cash flows from (for) operating activities	104,535	(22,374)	14,150	(96,636)	(325)
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers in	-	-	14,894	117,600	132,494
<b>Cash Flows from Capital and Related Financing Activities</b>					
Additions to capital assets	-	(7,146)	-	-	(7,146)
Capital contributions	-	-	-	23,734	23,734
Principal paid on long-term debt	-	(65,000)	-	-	(65,000)
Interest paid on long-term debt	-	(134,753)	-	-	(134,753)
Increase in due to other funds	-	229,273	-	-	229,273
Net cash flows from capital and related financing activities	-	22,374	-	23,734	46,108
Net increase in cash and investments	104,535	-	29,044	44,698	178,277
Cash and Investments, beginning	133,918	-	400,429	2,123	536,470
Cash and Investments, ending	\$ 238,453	\$ -	\$ 429,473	\$ 46,821	\$ 714,747
<b>Reconciliation of Operating Income (Loss) to Net</b>					
<b>Cash Flows from (for) Operating Activities</b>					
Operating income (loss)	\$ 104,468	\$ (601,719)	\$ (114,057)	\$ (222,686)	\$ (833,994)
Adjustments to reconcile operating income (loss) to net cash flows from (for) operating activities:					
Depreciation	-	475,027	94,718	134,598	704,343
Noncash expense - PERS relief	-	23,311	8,179	3,161	34,651
(Increase) decrease in assets and deferred outflows of resources:					
Accounts receivable, net	-	(1,001)	(27,900)	(28,062)	(56,963)
Deferred outflows of resources related to pensions	-	(74,075)	(25,991)	(10,042)	(110,108)
Increase (decrease) in liabilities and deferred inflows of resources:					
Accounts payable	-	682	(55)	5,114	5,741
Accrued leave	-	(11,862)	1,189	(1,395)	(12,068)
Accrued payroll	67	-	-	-	67
Landfill closure costs payable	-	-	19,378	-	19,378
Net pension liability	-	193,602	67,931	26,248	287,781
Deferred inflows of resources related to pensions	-	(26,339)	(9,242)	(3,572)	(39,153)
Net Cash Flows from (for) Operating Activities	\$ 104,535	\$ (22,374)	\$ 14,150	\$ (96,636)	\$ (325)

See accompanying notes to basic financial statements.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

June 30, 2016

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### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

The City of Sand Point was incorporated in 1966 and has operated as a first-class city since 1978 under a council/mayor form of government. The City provides a full range of services to its citizens including, but not limited to, public safety, streets, health and social services, water and sewer, refuse collection, boat harbor, and general administration.

The basic principle used in determining the scope of the entity for financial reporting purposes is the exercise of oversight responsibility over other governmental units by the City's elected officials. Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. No other entities exist for which the City has oversight responsibility.

The accounting policies of City of Sand Point conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

#### *Government-Wide and Fund Financial Statements*

Government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole. Individual funds are not displayed, but statements distinguish governmental activities from business-type activities which are generally financed in whole or in part with fees charged to external customers. The statement of activities reports expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported in separate columns with composite columns for nonmajor funds.

#### *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide and proprietary fund financial statements report using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only to the extent they have matured.

Major revenue sources susceptible to accrual include charges for services, intergovernmental revenues and investment income. In general, other revenues are recognized when received.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and State and federal entitlement revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### *Major Funds*

The City reports the following major governmental fund:

*General Fund* - Reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

The City reports the following major proprietary funds:

*Bingo Enterprise Fund* - to account for gaming activities.

*Boat Harbor Enterprise Fund* - to account for activities of the boat harbor.

*Refuse Collection Enterprise Fund* - to account for refuse collection.

*Water and Sewer Enterprise Fund* - to account for water and sewer utilities.

### *Cash and Cash Equivalents*

For purposes of the statements of cash flows, the City considers all cash and investments to be cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### *Receivables and Payables*

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." Long-term loans between funds are classified as "advances to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

At the governmental fund financial reporting level, an "advance receivable" is offset by nonspendable fund balance in the General Fund to indicate that it is not available for general appropriation.

### *Capital Assets*

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded.

Estimated useful lives in years for depreciable assets are as follows:

	Years
Buildings and improvements	20-40
Machinery	5-10
Equipment and vehicles	5-10
Improvements other than buildings	10-20
Landfill	32

### *Compensated Absences*

It is the City's policy to allow employees to accumulate earned but unused annual leave. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### *Unearned Revenue*

Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met are recorded as unearned revenue.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Long-term Debt*

In government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Governmental fund financial statements recognize proceeds of debt and premiums as other financing sources of the current period.

### *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Fund Balances*

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources:

*Nonspendable fund balance* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* - This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Use of Estimates*

Preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect amounts reported in these financial statements. Accordingly, actual results could differ from those estimates.

### *Budgetary Accounting*

The annual City operating budget is prepared by management in the spring preceding the fiscal year to which it relates. The budget is submitted to the City Council for review and approval. Legal enactment of the budget is obtained through passage of a City ordinance. Amendments to the budget can occur any time during the fiscal year through City Council action.

The budget is enacted at the department level. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United State of America.

### *Grants and Other Intergovernmental Revenues*

In applying the measurable and available concept to grants and intergovernmental revenues, legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered "earned"; therefore, revenues are recognized based on expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

## 2. Cash and Investments

### *Reconciliation of Deposit and Investment Balances*

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2016.

	Totals
Deposit accounts and cash on hand	\$ 1,133,713
Pooled investment	1,898,145
<b>Total Cash and Investments</b>	<b>\$ 3,031,858</b>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. At June 30, 2016, \$250,000 of the City's bank deposits were insured by the Federal Deposit Insurance Corporation. The remaining balance of deposits were uninsured and uncollateralized. The Pooled Investment (AMLIP, see below) is not subject to custodial credit risk.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### *Investments*

Municipal code allows the City to invest in the following items:

- a) Cash reserves of other public entities
- b) Alaska Municipal League Investment Pool

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the pool. The law sets forth numerous requirements regarding authorized investments and reporting. The City's investment in AMLIP of \$1,898,145 is measured at net asset value, as of June 30, 2016. Management believes these values approximate fair value.

The Borough has investments in certificate of deposits totaling \$603,229 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2016.

### *Southwest Governments, LLC*

The City holds a 20% interest in Southwest Governments, LLC, a company that owns and rents an office building in Anchorage, Alaska. At June 30, 2016, the City's investment in the LLC was \$277,725. This investment is considered noncurrent, and accordingly, an equal amount of fund balance of the General Fund is shown as nonspendable. In 2016, the City received \$18,000 in cash distributions and its share of earnings of Southwest Governments, LLC was \$22,689, which is included in other revenue.

The City's investment in Southwest Governments, LLC is accounted for under the equity method. Under the equity method, original investments are recorded at cost and adjusted by the City's share of undistributed earnings or losses. The City would recognize an impairment loss when there is a loss in value in the equity method investment which is other than a temporary decline.

### **3. Receivables and Allowance for Uncollectible Accounts**

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2016, receivables for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Boat Harbor Enterprise Fund	Refuse Collection Enterprise Fund	Water and Sewer Enterprise Fund
Accounts	\$ -	\$ 200,100	\$ 89,385	\$ 58,459
Sales and fish taxes	164,227	-	-	-
Other	59,794	-	-	23,734
Total receivables	224,021	200,100	89,385	82,193
Less allowance for uncollectible accounts	-	(105,055)	(20,074)	(23,324)
Net Receivables	\$ 224,021	\$ 95,045	\$ 69,311	\$ 58,869



**City of Sand Point, Alaska**  
**Notes to Basic Financial Statements**

#### 4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Governmental Activities</b>				
<i>Capital assets being depreciated:</i>				
Buildings	\$ 8,590,637	\$ -	\$ -	\$ 8,590,637
Improvements other than buildings	4,531,869	-	-	4,531,869
Equipment and vehicles	2,037,859	-	40,241	1,997,618
<b>Total assets being depreciated</b>	<b>15,160,365</b>	<b>-</b>	<b>40,241</b>	<b>15,120,124</b>
Less accumulated depreciation for:				
Buildings	3,910,300	429,532		4,339,832
Improvement other than buildings	199,034	232,663		431,697
Equipment and vehicles	1,584,702	108,099	40,241	1,652,560
<b>Total accumulated depreciation</b>	<b>5,694,036</b>	<b>770,294</b>	<b>40,241</b>	<b>6,424,089</b>
<b>Total capital assets being depreciated, net</b>	<b>9,466,329</b>	<b>770,294</b>	<b>-</b>	<b>8,696,035</b>
<b>Governmental Activity Capital Assets, net</b>	<b>\$ 9,466,329</b>	<b>\$ 770,294</b>	<b>\$ -</b>	<b>\$ 8,696,035</b>
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated -</i>				
Construction in progress	\$ 44,080	\$ 7,146	\$ -	\$ 51,226
<i>Capital assets being depreciated</i>				
Buildings and improvements	15,387,032	-	-	15,387,032
Equipment and vehicles	1,304,321	-	-	1,304,321
Landfill	1,996,889	-	-	1,996,889
<b>Total assets being depreciated</b>	<b>18,688,242</b>	<b>-</b>	<b>-</b>	<b>18,688,242</b>
Less accumulated depreciation for:				
Buildings and improvements	2,683,386	554,660	-	3,238,046
Equipment and vehicles	1,070,807	87,280	-	1,158,087
Landfill	1,185,655	62,403	-	1,248,058
<b>Total accumulated depreciation</b>	<b>4,939,848</b>	<b>704,343</b>	<b>-</b>	<b>5,644,191</b>
<b>Total capital assets being depreciated, net</b>	<b>13,748,394</b>	<b>704,343</b>	<b>-</b>	<b>13,044,051</b>
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 13,792,474</b>	<b>\$ 697,197</b>	<b>\$ -</b>	<b>\$ 13,095,277</b>

**City of Sand Point, Alaska**  
**Notes to Basic Financial Statements**

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Depreciation expense was charged to the functions as follows for the year ended June 30, 2016:

<b>Governmental Activities</b>	
General government	\$ 428,930
Parks and recreation	7,803
Community development	12,229
Public safety	39,335
Public works	281,997
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 770,294</b>
<b>Business type Activities</b>	
Boat harbor	\$ 475,027
Refuse collection	94,718
Water and sewer	134,598
<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 704,343</b>

## 5. Long-term Debt

### *General Obligation Bonds*

The City of Sand Point issued general obligation bonds for the expansion of the Small Boat Harbor. The general obligation bonds pledge the full faith and credit of the City. Bonds in the amount of \$2,615,000 were issued on March 12, 2013.

All of the bonds outstanding are held by the Alaska Municipal Bond Bank Authority. This State of Alaska agency purchases bonds from municipalities within the State, while simultaneously selling its own bonds to third parties in order to fund the bond purchases.

Bonds currently outstanding are as follows:

<b>Business-type Activities</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>
Small boat harbor - \$2,615,000, 2013 Series One general obligation bonds, due in annual principal payments of \$65,000 to \$175,000 through 2038	3.8%-5%	\$ 2,435,000

**City of Sand Point, Alaska**  
**Notes to Basic Financial Statements**

Debt service requirements to maturity for the general obligation bonds are as follows:

**Business-type Activities**

<i>Fiscal Year</i>	Principal	Interest
2017	\$ 65,000	\$ 115,580
2018	70,000	112,980
2019	70,000	110,180
2020	75,000	106,680
2021	80,000	103,680
2022-2026	350,000	381,020
2027-2031	550,000	370,650
2032-2036	680,000	223,890
2037-2038	495,000	50,500
<b>Total</b>	<b>\$ 2,435,000</b>	<b>\$ 1,575,160</b>

Changes in long term liabilities for the year ended June 30, 2016 follows:

<b>Governmental Activities</b>	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Accrued leave	\$ 37,846	\$ 57,947	\$ 49,767	\$ 46,026	\$ 46,026
Net pension liability	768,222	496,419	-	1,264,641	-
<b>Total Governmental Activities</b>	<b>\$ 806,068</b>	<b>\$ 554,366</b>	<b>\$ 49,767</b>	<b>\$ 1,310,667</b>	<b>\$ 46,026</b>

<b>Business-type Activities</b>	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 2,500,000	\$ -	\$ 65,000	\$ 2,435,000	\$ 65,000
Bond premium	381,175	-	16,573	364,602	-
Landfill closure liability	112,477	19,377	-	131,854	-
Accrued leave	43,534	38,283	50,351	31,466	31,466
Net pension liability	464,266	287,781	-	752,047	-
<b>Total Business-type Activities</b>	<b>\$ 3,501,452</b>	<b>\$ 345,441</b>	<b>\$ 131,924</b>	<b>\$ 3,714,969</b>	<b>\$ 96,466</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### 6. Fund Balances

Fund balances, reported for the individual major fund, and nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints at June 30, 2016:

	General Fund	Nonmajor Funds	Totals
<b>Nonspendable:</b>			
Investment in Southwest Governments, LLC	\$ 277,725	\$ -	\$ 277,725
Advance to other funds	939,827	-	939,827
<b>Total nonspendable</b>	<b>1,217,552</b>	<b>-</b>	<b>1,217,552</b>
<b>Assigned:</b>			
Next year's budget	190,000	-	190,000
Silver Salmon Derby	-	21,625	21,625
Clinic	-	158,145	158,145
<b>Total assigned</b>	<b>190,000</b>	<b>179,770</b>	<b>369,770</b>
<b>Unassigned</b>	<b>2,303,494</b>	<b>-</b>	<b>2,303,494</b>
<b>Total Fund Balances</b>	<b>\$ 3,711,046</b>	<b>\$ 179,770</b>	<b>\$ 3,890,816</b>

### 7. Interfund Balances

A schedule of interfund balances and transfers for the year ended June 30, 2016, follows:

#### Due from Other Funds

Due from the Boat Harbor Enterprise Fund to the General Fund for operating expenses and capital costs	\$ 247,227
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#### Advance to Other Funds

Advances from the General Fund to:	
Water and Sewer Enterprise Fund for capital and operating costs	\$ 763,266
Bingo Enterprise Fund for operations	176,561

<b>Total Advances to Other Funds</b>	<b>\$ 939,827</b>
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#### Transfers

Transfer from the General Fund to:	
Refuse Collection Enterprise Fund for operating expenses	\$ 14,894
Water and Sewer Enterprise Fund for operating expenses	117,600

Transfer from the School Loop Capital Project Fund to:	
General Fund to close out fund	384,081

<b>Total Transfers to Other Funds</b>	<b>\$ 516,575</b>
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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 8. Defined Benefit (DB) Pension Plan

#### *General Information About the Plan*

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

#### *Historical Context and Special Funding Situation*

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

The City records the on-behalf contributions as revenue and expense/expenditures in the fund financial statements.

It is important to note that the legislature has the power and the authority to change the aforementioned statute through the legislative process.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Employee Contribution Rates*

Regular employees are required to contribute 6.75% of their annual covered salary (Police and firefighters are required to contribute 7.5% of their annual covered salary).

### *Employer and Other Contribution Rates*

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

*Employer Effective Rate:* This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on all PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

*ARM Board Adopted Rate:* This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This change results in lower ARM Board Rates than previously adopted.

*On-behalf Contribution Rate:* This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contribution in 2015 was significantly higher than the statutory amount. In 2016, the on-behalf contribution has returned to "normal" levels and generally equals the statutory calculation. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

*GASB Rate:* This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY16, the rate uses an 8.00% pension discount rate and a 4.55% healthcare discount rate.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

Contribution rates for the year ended June 30, 2016 were determined in the June 30, 2013 actuarial valuation and are as follows:

	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	16.38%	3.63%	37.79%
Postemployment healthcare (see Note 10)	8.75%	10.81%	1.56%	58.73%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>27.19%</b>	<b>5.19%</b>	<b>96.52%</b>

In 2016, the City was credited with the following contributions to the pension plan.

	Measurement Period City FY15	City FY16
Employer contributions (including DBUL)	\$ 96,066	\$ 101,325
Nonemployer contributions (on-behalf)	514,588	46,690
<b>Total Contributions</b>	<b>\$ 610,654</b>	<b>\$ 148,015</b>

In addition, employee contributions to the Plan totaled \$26,384 during the City's fiscal year.

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*

At June 30, 2016, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	2016
City proportionate share of NPL	\$ 2,016,688
State's proportionate share of NPL associated with the City	538,967
<b>Total Net Pension Liability</b>	<b>\$ 2,555,655</b>

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At June 30, 2015, the City's proportion was .04158 percent, which was an increase of .01516 percent from its proportion measured as of prior measurement date.

For the year ended June 30, 2016, the City recognized pension expense of \$478,773 and on-behalf revenue of \$74,430 for support provided by the State. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,351	\$ -
Changes in assumptions	117,918	-
Net difference between projected and actual earnings on pension plan investments	-	(35,704)
Changes in proportion and differences between City contributions and proportionate share of contributions	202,860	-
City contributions subsequent to the measurement date	101,326	-
<b>Total Deferred Outflows and Deferred Inflows of Resources</b>	<b>\$ 424,455</b>	<b>\$ (35,704)</b>

The \$101,326 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

*Year End June 30,*

2017	\$ 271,417
2018	5,851
2019	(22,930)
2020	33,087

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability for the measurement period ended June 30, 2015 (City fiscal year 2016) was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2015. The actuarial assumptions used in the June 30, 2014 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value
Allocation Methodology	Amounts for FY14 and FY13 were allocated to employers based on actual contributions made in FY14 and FY13, respectively.  Amounts for FY15 were allocated to employers based on the projected present value of contributions for FY17-FY39. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of services from 9.66% to 4.92% All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience.  Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB

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# City of Sand Point, Alaska

## Notes to Basic Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Long-Term Expected Real Rate of Return</i>
Domestic equity	5.35%
Global equity (non-us)	5.55%
Private equity	6.25%
Fixed income	0.80%
Real estate	3.65%
Alternative equity	4.70%

### *Discount Rate*

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### *Discount Rate Sensitivity*

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (7.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
City's proportionate share of the net pension liability	0.04158%	\$ 2,681,016	\$ 2,016,688	\$ 1,457,393

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 9. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

#### *Benefit Terms*

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

#### *Employee Contribution Rate*

Employees are required to contribute 8% of their annual covered salary. This amount goes directly to the individual's account.

#### *Employer Contribution Rate*

For the year ended June 30, 2016, the City was required to contribute 5% of covered salary into the Plan. In addition, during 2016, the State on-behalf contribution rate for OPEB was 1.56%.

The City and employee contributions to PERS for pensions for the year ended June 30, 2016 were \$38,277 and \$61,243, respectively. The City contribution amount was recognized as pension expense/expenditures.

### 10. Other Post-Employment Benefit (OPEB) Plans

#### *Defined Benefit OPEB*

As part of its participation in the PERS DB Plan (Tiers I, II, III), the City participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

#### *Employer Contribution Rate*

The City is required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute to the DB OPEB plans.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

### *Annual Postemployment Healthcare Cost*

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. In 2016, on-behalf contributions into the OPEB Plan were \$19,993. There were no on-behalf contributions to the OPEB Plan in 2015; however, on-behalf contributions to the OPEB Plan in 2014 were \$73,657.

Actual contributions into the Plan for the last three years were as follows.

<i>Year Ended June 30,</i>	Annual OPEB Costs	City Contributions	% of Costs Contributed
2016	\$ 66,843	\$ 66,843	100 %
2015	\$ 72,473	\$ 72,473	100 %
2014	\$ 96,163	\$ 96,163	100 %

### *Defined Contribution OPEB*

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

### *Employer Contribution Rates*

Employees do not contribute to the DC OPEB plans. Employer contribution rates were as follows for the year ended June 30, 2016:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.68%	1.68%
Occupational death and disability benefits	0.22%	1.05%
<b>Total Contribution Rates</b>	<b>1.90%</b>	<b>2.73%</b>

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2015, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$2,005 per year for each full-time employee, and \$1.28 per hour for part-time employees.

### *Annual Postemployment Healthcare Cost*

In FY16, the City contributed \$48,058 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 11. Landfill Closure and Postclosure Liability

The City operates a local landfill. State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, generally accepted accounting principles require that the City report a portion of these closure and postclosure care costs each period based on landfill capacity used as of each balance sheet date.

The City has estimated the closure and post closure costs to be \$345,000 with an estimated remaining life through 2027. At June 30, 2016, the City has recognized \$131,854 of this liability on the statement of net position, an increase of \$19,377 from the prior year. The City will recognize the remaining estimated cost of closure and post closure care of \$213,146 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The remaining life of the landfill is estimated to be approximately 11 years.

At June 30, 2016 the City has not committed or assigned any fund balance to fund the cost of closure and post closure monitoring, nor have any assets been restricted for this purpose.

### 12. Risk Management

The City faces a considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) environmental damage, (e) workers' compensation; i.e., employee injuries, and (f) medical insurance costs of employees.

The City is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides the City coverage for property, including building and contents, automobiles, mobile equipment, data processing equipment and boiler and machinery; casualty, including general liability, public officials and employees liability, law enforcement professional liability, auto liability and employee benefit liability; workers' compensation, including employers liability; and commercial blanket bond. The City maintains supplemental marine insurance and firefighter's group accident coverage with insurance companies placed through APEI. The City has no coverage for potential losses from environmental damages.

APEI is a public entity risk pool organized to share risks among its members. Its bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments made during the year ended June 30, 2016.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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### 13. Contingencies

#### *Grants*

The City has received grants which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement for expenditures disallowed under the terms of the grant. Management believes that such disallowances for grants, if any, would not be material.

### 14. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined.

*GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement contains reporting financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

*GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

*GASB 77 - Tax Abatement Disclosures* - Effective for year-end June 30, 2017 - This statement requires local governments to provide financial disclosures relating to tax abatements affecting the government. This includes information about abatement agreements entered into directly by the government, including conditions and criteria under which taxes can be abated, and the type and dollar amount of the tax. In addition, the statement requires disclosure of tax abatements issued by other governments that affect the local government's revenue recognition and reporting.

*GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* - Effective for year-end June 30, 2017 - This statement amends the scope and applicability of GASB 68 to exclude pensions provided to employees through a cost-sharing multiple-employer defined benefit pension plan that is (1) not a state or local government pension plan, (2) used to provide defined benefit pensions to employees of both government and non-government employers, and (3) has no predominant state or local government employer, either individually or collectively with other governmental employers providing pensions in the plan.

*GASB 80 - Blending Requirements for Certain Component Units* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement amends the previous requirements established in paragraph 53 of GASB 14. The criterion specified in GASB 80 does not apply to component units included in the financial reporting entity pursuant to GASB 39.

# City of Sand Point, Alaska

## Notes to Basic Financial Statements

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GASB 81 - *Irrevocable Split-Interest Agreements* - Effective for year-end June 30, 2018, with earlier application encouraged - This statement establishes recording and recognition criteria for governments who receive resources pursuant to an irrevocable split-interest agreement.

GASB 82 - *Pension-Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - Effective for year-end June 30, 2017, with earlier application encouraged - This statement further amends prior pension reporting to redefine "covered payroll" for required supplementary information, clarifies deviations from actuarial standards, and clarifies the classification of employer-paid member contributions.

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## Required Supplementary Information

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**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

<i>Year Ended June 30, 2016</i>	Original Budget	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Final Budget
<b>Revenues</b>						
Taxes	\$ 1,466,500	\$ 1,466,500	\$ 1,442,072	\$ -	\$ 1,442,072	\$ (24,428)
State of Alaska	447,192	447,192	481,827	(42,213)	439,614	(7,578)
Federal government	-	-	51,590	-	51,590	51,590
Other revenues	370,100	370,100	462,218	-	462,218	92,118
<b>Total Revenues</b>	<b>2,283,792</b>	<b>2,283,792</b>	<b>2,437,707</b>	<b>(42,213)</b>	<b>2,395,494</b>	<b>111,702</b>
<b>Expenditures - Current</b>						
General government	1,001,260	1,001,260	908,468	-	908,468	92,792
Parks and recreation	28,000	28,000	23,485	-	23,485	4,515
Public safety	602,500	602,500	499,229	-	499,229	103,271
Public works	1,016,760	1,016,760	731,442	-	731,442	285,318
<b>Total Expenditures</b>	<b>2,648,520</b>	<b>2,648,520</b>	<b>2,162,624</b>	<b>-</b>	<b>2,162,624</b>	<b>485,896</b>
Excess of revenues over (under) expenditures	(364,728)	(364,728)	275,083	(42,213)	232,870	597,598
<b>Other Financing (Uses) Sources:</b>						
Transfers in	-	-	384,081	-	-	-
Transfers out	-	132,494	(132,494)	-	-	-
<b>Net Other Financing (Uses) Sources</b>	<b>-</b>	<b>-</b>	<b>251,587</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<u>\$ (364,728)</u>	<u>\$ (364,728)</u>	<u>275,083</u>	<u>\$ (42,213)</u>	<u>\$ 232,870</u>	<u>\$ 639,811</u>
<b>Fund Balance, beginning</b>			<u>3,184,376</u>			
<b>Fund Balance, ending</b>			<u>\$ 3,459,459</u>			

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees Retirement System (PERS)**  
**Schedule of the City's Information on the Net Pension Liability**

<i>Years Ended June 30,</i>	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.02642%	\$ 1,232,488	\$ 1,167,143	\$ 2,399,631	\$ 1,491,172	83%	62.37%
2016	0.04158%	\$ 2,016,688	\$ 538,967	\$ 2,555,655	\$ 1,112,644	181%	63.98%

*See accompanying notes to Required Supplementary Information.*

**City of Sand Point, Alaska**  
**Public Employees Retirement System (PERS)**  
**Schedule of the City's Contributions**

<i>Years Ended June 30,</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 96,066	\$ 96,066	\$ -	\$ 1,452,921	6.61%
2016	\$ 101,325	\$ 101,325	\$ -	\$ 1,238,890	8.18%

*See accompanying notes to Required Supplementary Information.*

# City of Sand Point, Alaska

## Notes to Required Supplementary Information

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### 1. General Fund Schedule of Revenues, Expenditures, and Changes in Fund balance

The General Fund Budgetary Comparison Schedule is presented on the modified accrual basis of accounting. The City did not budget for the PERS on-behalf contribution; however accounting principles generally accepted in the United States, require that on-behalf revenue and expenditures be reported in the financial statements, resulting in a budgetary to GAAP basis difference. The PERS on-behalf represents the only reconciling item from budgetary to GAAP basis.

### 2. Public Employees Retirement System - Schedule of the City's Information on the Net Pension Liability

This table is presented based on the Plan measurement date. For June 30, 2016, the Plan measurement date is June 30, 2015.

There were no changes in benefit terms from the prior measurement period.

There were no changes in assumptions from the prior measurement period.

There was a significant change in the allocation methodology. For the measurement period ended June 30, 2014, the liability was allocated to participating employers based on actual contributions for 2014. For the measurement period ended June 30, 2015, the liability is allocated based on projected contributions for fiscal years 2017-2039, as calculated in the June 30, 2014 actuarial valuation.

### 3. Public Employees Retirement System - Schedule of the City Contributions

This table is based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow on the Statement of Net Position.

This table is intended to present 10 years of information. Additional years' information will be included as it becomes available.

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## Supplementary Information

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## City of Sand Point, Alaska

General Fund  
Balance Sheet

<i>June 30,</i>	2016	2015
<b>Assets</b>		
Cash and investments	\$ 2,137,341	\$ 1,918,114
Receivables:		
Sales tax	85,343	90,166
Fish tax	78,884	68,319
Other	59,794	4,541
Investment in Southwest Governments, LLC	277,725	273,036
Due from other funds	247,227	17,954
Advance to other funds	939,827	939,827
<b>Total Assets</b>	<b>\$ 3,826,141</b>	<b>\$ 3,311,957</b>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 21,749	\$ 61,341
Accrued liabilities	93,346	66,240
<b>Total Liabilities</b>	<b>115,095</b>	<b>127,581</b>
<b>Fund Balance</b>		
Nonspendable:		
Investment in Southwest Governments, LLC	277,725	273,036
Advance to other funds	939,827	939,827
Assigned - next year's budget	190,000	432,351
Unassigned	2,303,494	1,539,162
<b>Total Fund Balance</b>	<b>3,711,046</b>	<b>3,184,376</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,826,141</b>	<b>\$ 3,311,957</b>



**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual**

<i>Year Ended June 30,</i>	2016					2015
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Revenues</b>						
Taxes:						
Sales taxes	\$ 850,000	\$ 822,316	\$ -	\$ 822,316	\$ (27,684)	\$ 914,519
Local raw fish taxes	600,000	605,736	-	605,736	5,736	535,093
Accommodation taxes	16,500	14,020	-	14,020	(2,480)	14,158
<b>Total taxes</b>	<b>1,466,500</b>	<b>1,442,072</b>	<b>-</b>	<b>1,442,072</b>	<b>(24,428)</b>	<b>1,463,770</b>
State of Alaska:						
Shared fisheries and raw fish tax	35,000	34,947	-	34,947	(53)	-
Fish resource landing tax	250,000	270,014	-	270,014	20,014	274,072
Library grants	6,650	-	-	-	(6,650)	6,650
State revenue sharing	138,000	134,653	-	134,653	(3,347)	149,241
State PERS relief	17,542	42,213	(42,213)	-	(17,542)	320,748
<b>Total State of Alaska</b>	<b>447,192</b>	<b>481,827</b>	<b>(42,213)</b>	<b>439,614</b>	<b>(7,578)</b>	<b>750,711</b>
Federal Government:	-	51,590	-	51,590	51,590	-
<b>Total Federal Government</b>	<b>-</b>	<b>51,590</b>	<b>-</b>	<b>51,590</b>	<b>51,590</b>	<b>-</b>
Other revenues:						
Payment in lieu of taxes - local sources	150,000	150,000	-	150,000	-	150,000
Building rental	135,000	148,887	-	148,887	13,887	134,942
Grant revenue - not state or federal	-	-	-	-	-	57,290
Equipment rental	15,000	31,130	-	31,130	16,130	12,652
Business licenses	4,600	4,225	-	4,225	(375)	2,775
EMS fund	500	2,857	-	2,857	2,357	2,000
Anchorage office	20,000	22,689	-	22,689	2,689	21,511
Local donation	-	4,540	-	4,540	4,540	750
Other	45,000	97,890	-	97,890	52,890	81,514
<b>Total other revenues</b>	<b>370,100</b>	<b>462,218</b>	<b>-</b>	<b>462,218</b>	<b>92,118</b>	<b>463,434</b>
<b>Total Revenues</b>	<b>2,283,792</b>	<b>2,437,707</b>	<b>(42,213)</b>	<b>2,395,494</b>	<b>111,702</b>	<b>2,677,915</b>

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Year Ended June 30,		2016				2015
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures</b>						
General government:						
Legislative :						
Salaries	\$ 36,000	\$ 36,373	\$ -	\$ 36,373	\$ (373)	\$ 36,075
Fringe benefits	87,000	86,466	-	86,466	534	105,211
Travel and per diem	12,000	15,109	-	15,109	(3,109)	8,003
Dues and fees	3,000	5,837	-	5,837	(2,837)	2,725
Total legislative	138,000	143,785	-	143,785	(5,785)	152,014
Administration:						
Salaries	239,600	291,085	-	291,085	(51,485)	226,449
Contractual services	25,000	29,822	-	29,822	(4,822)	18,250
Fringe benefits	71,880	113,456	-	113,456	(41,576)	207,968
Travel and per diem	25,000	18,966	-	18,966	6,034	16,806
Telephone	14,000	13,689	-	13,689	311	13,336
Postage	5,000	4,682	-	4,682	318	4,806
Supplies	8,000	11,398	-	11,398	(3,398)	12,302
Equipment	17,000	20,032	-	20,032	(3,032)	18,202
Equipment maintenance	4,000	10,358	-	10,358	(6,358)	6,383
Dues and fees	5,000	12,409	-	12,409	(7,409)	20,519
Anchorage office	10,000	9,331	-	9,331	669	10,589
Sales tax audits	10,000	-	-	-	10,000	-
Audit	32,000	30,845	-	30,845	1,155	54,980
Legal	20,000	6,737	-	6,737	13,263	54,283
Insurance	140,000	127,499	-	127,499	12,501	125,604
Bank service charges	10,000	12,925	-	12,925	(2,925)	28,249
Fuel	1,200	4,181	-	4,181	(2,981)	1,560
Freight/speed paks	3,000	1,474	-	1,474	1,526	2,322
Elections	1,500	664	-	664	836	761
Donations	18,000	12,150	-	12,150	5,850	12,848
Hospitality	3,000	4,959	-	4,959	(1,959)	3,187
Library	3,700	1,985	-	1,985	1,715	2,852
Event costs	10,000	19,114	-	19,114	(9,114)	5,591
Airport leases	3,200	-	-	-	3,200	-
Bond payment	183,180	-	-	-	183,180	-
Other	-	6,922	-	6,922	(6,922)	518
Total administration	863,260	764,683	-	764,683	98,577	848,365
<b>Total General Government</b>	<b>1,001,260</b>	<b>908,468</b>	<b>-</b>	<b>908,468</b>	<b>92,792</b>	<b>1,000,379</b>

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Year Ended June 30,	2016					2015
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures, continued</b>						
Parks and recreation:						
Salaries	\$ 25,000	\$ 21,306	\$ -	\$ 21,306	\$ 3,694	\$ 26,551
Fringe benefits	3,000	1,904	-	1,904	1,096	2,297
Supplies	-	275	-	275	(275)	-
Total parks and recreation	28,000	23,485	-	23,485	4,515	28,848
Public safety:						
Police:						
Salaries	325,000	284,771	-	284,771	40,229	252,761
911 dispatchers	25,000	24,947	-	24,947	53	25,865
Fringe benefits	105,000	106,063	-	106,063	(1,063)	155,625
Travel and per diem	12,000	8,451	-	8,451	3,549	4,282
Telephone	9,000	9,463	-	9,463	(463)	8,707
Supplies	5,000	6,666	-	6,666	(1,666)	4,110
Police dog	-	45	-	45	(45)	624
Equipment	30,000	6,876	-	6,876	23,124	4,960
Equipment maintenance	8,500	7,686	-	7,686	814	7,246
Dues and fees	2,500	6,962	-	6,962	(4,462)	1,660
Fuel	20,000	9,613	-	9,613	10,387	13,226
Freight/speed paks	500	1,576	-	1,576	(1,076)	391
Relocation costs	4,000	3,114	-	3,114	886	552
Total police	546,500	476,233	-	476,233	70,267	480,009
Emergency services:						
Volunteer stipend	7,500	6,150	-	6,150	1,350	4,250
Contractual	5,000	6,000	-	6,000	(1,000)	5,500
Travel and per diem	500	-	-	-	500	-
Telephone	3,500	3,599	-	3,599	(99)	3,538
Supplies	2,000	739	-	739	1,261	1,118
Equipment	2,500	735	-	735	1,765	-
Equipment maintenance	2,500	1,039	-	1,039	1,461	384
Equipment fuel	1,000	75	-	75	925	53
Dues and fees	500	22	-	22	478	-
Utilities	500	-	-	-	500	-
Freight	500	547	-	547	(47)	-
Total emergency services	26,000	18,906	-	18,906	7,094	14,843

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Year Ended June 30,		2016				2015
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures, continued</b>						
Public safety, continued:						
Fire:						
Salaries	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000	\$ 15,700
Fringe benefits	2,000	-	-	-	2,000	4,186
Telephone	1,000	712	-	712	288	698
Fireboat	1,500	1,173	-	1,173	327	1,242
Supplies	2,000	-	-	-	2,000	16
Equipment	2,500	-	-	-	2,500	-
Equipment maintenance	3,500	417	-	417	3,083	3,423
Equipment fuel	1,000	120	-	120	880	540
Dues and fees	500	-	-	-	500	-
Utilities	3,500	1,668	-	1,668	1,832	3,847
Freight	500	-	-	-	500	29
Total fire	30,000	4,090	-	4,090	25,910	29,681
Animal control - fuel	-	-	-	-	-	239
Total public safety	602,500	499,229	-	499,229	103,271	524,772
Public works:						
General:						
Salaries	306,600	254,292	-	254,292	52,308	312,464
Contractual	5,000	5,828	-	5,828	(828)	-
Fringe benefits	107,310	82,977	-	82,977	24,333	209,805
Travel and per diem	3,000	1,031	-	1,031	1,969	1,650
Telephone	3,000	3,751	-	3,751	(751)	3,507
Supplies	25,000	12,374	-	12,374	12,626	25,431
Equipment	60,000	507	-	507	59,493	4,755
Equipment maintenance	55,000	30,642	-	30,642	24,358	73,736
Equipment fuel	20,000	9,583	-	9,583	10,417	846
Dues and fees	500	61	-	61	439	293
Street lights	20,000	16,306	-	16,306	3,694	17,646
Utilities	1,500	-	-	-	1,500	-
Fuel	20,000	44,150	-	44,150	(24,150)	13,641
Repairs	7,500	516	-	516	6,984	1,647
Freight/speed paks	12,500	7,587	-	7,587	4,913	13,358
Total general	646,910	469,605	-	469,605	177,305	678,779

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

Year Ended June 30,	2016					2015
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures, continued</b>						
Public works, continued:						
Facilities:						
Salaries	\$ 84,000	\$ 87,524	\$ -	\$ 87,524	\$ (3,524)	\$ 79,004
Fringe benefits	33,600	58,169	-	58,169	(24,569)	77,730
Municipal building:						
Supplies	15,000	12,822	-	12,822	2,178	13,543
Equipment	2,500	1,361	-	1,361	1,139	61,353
Equipment maintenance	2,500	414	-	414	2,086	1,137
Dues and fees	500	-	-	-	500	15
Utilities	10,000	7,995	-	7,995	2,005	8,211
Fuel	50,000	31,677	-	31,677	18,323	39,661
Repairs	80,000	21,393	-	21,393	58,607	32,446
Boardwalk repairs	5,000	-	-	-	5,000	-
Freight/speed paks	25,000	5,190	-	5,190	19,810	21,862
City houses:						
Supplies	500	-	-	-	500	11
Equipment	1,500	1,534	-	1,534	(34)	-
Hamik rental	-	-	-	-	-	12,000
Fuel	5,000	7,819	-	7,819	(2,819)	13,500
Repairs	10,000	741	-	741	9,259	1,520
Freight/speed paks	500	1,207	-	1,207	(707)	-
Utilities	5,000	2,155	-	2,155	2,845	2,930
RATNET building - utilities	750	535	-	535	215	556
Clinic facility:						
Supplies	1,000	-	-	-	1,000	800
Repairs	4,000	1,774	-	1,774	2,226	3,816
Freight	500	-	-	-	500	98
4-plex:						
Supplies	1,000	-	-	-	1,000	-
Equipment	1,000	1,799	-	1,799	(799)	-
Utilities	3,000	1,638	-	1,638	1,362	2,601
Fuel	15,000	8,753	-	8,753	6,247	10,894
Repairs	1,000	1,649	-	1,649	(649)	102
Teen center:						
Utilities	5,500	2,659	-	2,659	2,841	5,015
Fuel	4,000	2,729	-	2,729	1,271	3,013
Repairs	2,500	300	-	300	2,200	1,354
Total facilities	369,850	261,837	-	261,837	108,013	393,172
Total public works	1,016,760	731,442	-	731,442	285,318	1,071,951

**City of Sand Point, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance - Budget and Actual, continued**

<i>Year Ended June 30,</i>	2016					2015
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budgetary Basis	Variance with Budget	Actual GAAP Basis
<b>Expenditures, continued</b>						
<b>Total Expenditures</b>	\$ 2,648,520	\$ 2,162,624	\$ -	\$ 2,162,624	\$ 485,896	\$2,625,950
Excess of revenues over (under) expenditures	(364,728)	275,083	(42,213)	232,870	(597,598)	51,965
<b>Other Financing Sources (Uses)</b>						
Transfers out	132,494	(132,494)	-	(132,494)	264,988	(229,086)
Transfers in	-	384,081	-	384,081	(384,081)	-
<b>Net Other Financing Sources (Uses)</b>	132,494	251,587	-	251,587	(119,093)	(229,086)
Net change in fund balance	<u>\$ (232,234)</u>	526,670	<u>\$ (42,213)</u>	<u>\$ 484,457</u>	<u>\$ (716,691)</u>	(177,121)
<b>Beginning, fund balance</b>		<u>3,184,376</u>				<u>3,361,497</u>
<b>Ending, fund balance</b>		<u>\$ 3,711,046</u>				<u>\$3,184,376</u>

**City of Sand Point, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

	Special Revenue Funds		Total
	Silver	Clinic	Nonmajor
	Salmon	Clinic	Governmental
	Derby	Operations	Funds
<i>June 30, 2016</i>			
<b>Assets</b>			
Cash and investments	\$ 21,625	\$ 158,145	\$ 179,770
<b>Fund Balances</b>			
Assigned:			
Silver Salmon Derby	\$ 21,625	\$ -	\$ 21,625
Clinic	-	158,145	158,145
<b>Total Fund Balances</b>	\$ 21,625	\$ 158,145	\$ 179,770

## City of Sand Point, Alaska

## Nonmajor Governmental Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds		School Loop Capital Project Fund	Total Nonmajor Govern- mental Funds
	Silver Salmon Derby	Clinic Operations		
<i>Year Ended June 30, 2016</i>				
<b>Revenues</b>				
Other revenues	\$ 24,014	\$ 42,171	\$ -	\$ 66,185
<b>Expenditures</b>				
Community development	19,931	-	-	19,931
Excess of revenues over expenditures	4,083	42,171	-	46,254
<b>Other Financing Uses -</b>				
Transfers out	-	-	(384,081)	(384,081)
Net change in fund balances	4,083	42,171	(384,081)	(337,827)
Fund Balances, beginning	17,542	115,974	384,081	517,597
Fund Balances, ending	\$ 21,625	\$ 158,145	\$ -	\$ 179,770



## City of Sand Point, Alaska

Bingo Enterprise Fund  
Statement of Net Position

<i>June 30,</i>	2016	2015
<b>Assets</b>		
<b>Current Assets - cash and investments</b>	\$ 238,453	\$ 133,918
<b>Noncurrent Assets</b>		
Equipment and vehicles	14,541	14,541
Less accumulated depreciation	(14,541)	(14,541)
<b>Total Assets</b>	\$ 238,453	\$ 133,918
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accrued payroll	\$ 1,685	\$ 1,618
<b>Noncurrent Liabilities</b>		
Advance from other funds	176,561	176,561
<b>Total Liabilities</b>	178,246	178,179
<b>Net Position</b>		
Unrestricted (deficit)	60,207	(44,261)
<b>Total Net Position (Deficit)</b>	60,207	(44,261)
<b>Total Liabilities and Net Position</b>	\$ 238,453	\$ 133,918

## City of Sand Point, Alaska

## Bingo Enterprise Fund

## Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2016	2015
<b>Operating Revenues</b>		
Pull tab revenue	\$ 696,227	\$ 619,444
Bingo revenue	50,613	61,894
Concessions	-	66
Other operating revenues	3,814	-
<b>Total Operating Revenues</b>	<b>750,654</b>	<b>681,404</b>
<b>Operating Expenses</b>		
Salaries and benefits	36,909	38,349
Telephone	1,441	1,539
Supplies	285	992
Depreciation	-	993
Dues and fees	5,135	639
Bank service charges	3,098	2,815
Freight/speed paks	81	380
Prizes and payouts	580,233	537,762
Pull tab tax	3,151	5,041
Pull tab purchases	15,853	13,837
<b>Total Operating Expenses</b>	<b>646,186</b>	<b>602,347</b>
Operating income	104,468	79,057
Transfers in	-	42,104
Change in net position	104,468	121,161
<b>Net Position (Deficit), beginning</b>	<b>(44,261)</b>	<b>(165,422)</b>
<b>Net Position (Deficit), ending</b>	<b>\$ 60,207</b>	<b>\$ (44,261)</b>

## City of Sand Point, Alaska

Bingo Enterprise Fund  
Statement of Cash Flows

<i>Year Ended June 30,</i>	2016	2015
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 750,654	\$ 681,404
Payments for goods and services	(609,277)	(563,484)
Payments for salaries and benefits	(36,842)	(36,826)
Net cash flows from operating activities	104,535	81,094
<b>Cash Flows from (for) Noncapital Financing Activities</b>		
Transfers in	-	42,104
Decrease in advances from other funds	-	(135,779)
Net cash flows from (for) noncapital financing activities	-	(93,675)
Net increase in cash and investments	104,535	(12,581)
Cash and Investments, beginning	133,918	146,499
Cash and Investments, ending	\$ 238,453	\$ 133,918
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities</b>		
Operating income	\$ 104,468	\$ 79,057
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation	-	993
Increase (decrease) in liabilities:		
Accrued payroll	67	1,523
Accounts payable	-	(479)
Net Cash Flows from Operating Activities	\$ 104,535	\$ 81,094

**City of Sand Point, Alaska**  
**Boat Harbor Enterprise Fund**  
**Statement of Net Position**

<i>June 30,</i>	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Accounts receivable, net of allowance of \$105,055 (\$97,285 in 2015)	\$ 95,045	\$ 94,044
<b>Noncurrent Assets</b>		
Building and floats	10,795,390	10,795,390
Equipment and vehicles	613,642	613,642
Construction in progress	51,226	44,080
Less accumulated depreciation	(1,346,135)	(871,108)
<b>Total Noncurrent Assets</b>	10,114,123	10,582,004
<b>Total Assets</b>	10,209,168	10,676,048
<b>Deferred Outflows of Resources, related to pensions</b>	105,848	31,773
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 10,315,016	\$ 10,707,821
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 5,543	\$ 4,861
Accrued leave	25,958	37,820
Accrued interest payable	38,526	39,393
Current portion of bonds payable	65,000	65,000
Due to other funds	247,227	17,954
<b>Total Current Liabilities</b>	382,254	165,028
<b>Noncurrent Liabilities</b>		
Bonds payable, net of current portion	2,370,000	2,435,000
Bond premium, net of accumulated amortization	364,602	381,175
Net pension liability	508,372	314,770
<b>Total Noncurrent Liabilities</b>	3,242,974	3,130,945
<b>Total Liabilities</b>	3,625,228	3,295,973
<b>Deferred Inflows of Resources, related to pensions</b>	10,028	36,367
<b>Net Position</b>		
Net investment in capital assets	7,314,521	7,700,829
Unrestricted (deficit)	(634,761)	(325,348)
<b>Total Net Position</b>	6,679,760	7,375,481
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 10,315,016	\$ 10,707,821

## City of Sand Point, Alaska

## Boat Harbor Enterprise Fund

## Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended June 30,</i>	2016	2015
<b>Operating Revenues</b>		
Moorage	\$ 208,424	\$ 266,977
Travel lift	86,209	79,410
Wharfage	34,058	61,425
Van storage	18,544	17,576
Electricity	31,990	23,389
Penalties and interest	5,173	5,557
Rents	132,118	115,310
Harbor electric fee	9,015	22,724
Other operating revenues	28,021	72,290
<b>Total Operating Revenues</b>	<b>553,552</b>	<b>664,658</b>
<b>Operating Expenses</b>		
Salaries and benefits	543,386	485,353
Contractual	-	6,341
Travel and per diem	1,214	-
Telephone	4,781	4,923
Supplies	6,199	8,359
Depreciation	475,027	373,398
Equipment and equipment maintenance	22,158	12,601
Dues and fees	680	850
Utilities	70,166	40,192
Fuel	12,124	16,800
Repairs	12,650	12,735
Freight/speed paks	4,202	3,693
Other operating expenses	2,684	-
<b>Total Operating Expenses</b>	<b>1,155,271</b>	<b>965,245</b>
Operating loss	(601,719)	(300,587)
<b>Nonoperating Revenues (Expenses)</b>		
State PERS relief	23,311	24,513
Interest expense	(117,313)	(89,836)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(94,002)</b>	<b>(65,323)</b>
Loss before capital contributions	(695,721)	(365,910)
Capital contributions	-	39,238
Change in net position	(695,721)	(326,672)
<b>Net Position, beginning</b>	<b>7,375,481</b>	<b>7,702,153</b>
<b>Net Position, ending</b>	<b>\$ 6,679,760</b>	<b>\$ 7,375,481</b>

**City of Sand Point, Alaska**  
**Boat Harbor Enterprise Fund**  
**Statement of Cash Flows**

<i>Year Ended June 30,</i>	2016	2015
<b>Cash Flows for Operating Activities</b>		
Receipts from customers	\$ 552,551	\$ 608,086
Payments for goods and services	(136,176)	(248,275)
Payments for salaries and benefits	(438,749)	(437,887)
<b>Net cash flows for operating activities</b>	<b>(22,374)</b>	<b>(78,076)</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>		
Principal paid on long-term debt	(65,000)	(60,000)
Interest paid on long-term debt	(134,753)	(107,209)
Additions to capital assets	(7,146)	(421,789)
Capital contributions received	-	498,471
Increase in due to other funds	229,273	17,954
<b>Net cash flows from (for) capital and related financing activities</b>	<b>22,374</b>	<b>(72,573)</b>
<b>Net decrease in cash and investments</b>	<b>-</b>	<b>(150,649)</b>
<b>Cash and Investments, beginning</b>	<b>-</b>	<b>150,649</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (601,719)	\$ (300,587)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	475,027	373,398
Noncash expense - PERS relief	23,311	24,513
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(1,001)	(56,572)
Deferred outflows of resources related to pensions	(74,075)	(5,860)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	682	(141,781)
Accrued leave	(11,862)	19,271
Net pension liability	193,602	(26,825)
Deferred inflows of resources related to pensions	(26,339)	36,367
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (22,374)</b>	<b>\$ (78,076)</b>

**City of Sand Point, Alaska**  
**Refuse Collection Enterprise Fund**  
**Statement of Net Position**

<i>June 30,</i>	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and investments	\$ 429,473	\$ 400,429
Accounts receivable, net of allowance of \$20,074 (\$22,391 in 2015)	69,311	41,411
<b>Total Current Assets</b>	498,784	441,840
<b>Noncurrent Assets</b>		
Buildings	19,400	19,400
Equipment and vehicles	498,629	498,629
Sanitary landfill	1,996,889	1,996,889
Less accumulated depreciation	(1,738,756)	(1,644,038)
<b>Total Noncurrent Assets</b>	776,162	870,880
<b>Total Assets</b>	1,274,946	1,312,720
<b>Deferred Outflows of Resources, related to pensions</b>	36,134	10,143
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 1,311,080	\$ 1,322,863
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 610	\$ 665
Accrued leave	4,013	2,824
<b>Total Current Liabilities</b>	4,623	3,489
<b>Noncurrent Liabilities</b>		
Landfill closure costs payable	131,854	112,477
Net pension liability	168,415	100,484
<b>Total Noncurrent Liabilities</b>	300,269	212,961
<b>Total Liabilities</b>	304,892	216,450
<b>Deferred Inflows of Resources, related to pensions</b>	2,367	11,609
<b>Net Position</b>		
Investment in capital assets	776,162	870,880
Unrestricted	227,659	223,924
<b>Total Net Position</b>	1,003,821	1,094,804
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 1,311,080	\$ 1,322,863

**City of Sand Point, Alaska**  
**Refuse Collection Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended June 30,</i>	2016	2015
<b>Operating Revenues - user charges</b>	<b>\$ 178,226</b>	<b>\$ 164,305</b>
<b>Operating Expenses</b>		
Salaries and benefits	161,453	146,084
Supplies	581	1,245
Equipment and equipment maintenance	11,562	17,002
Dues and fees	150	150
Utilities	1,539	3,982
Fuel	2,821	4,268
Repairs	-	793
Freight/speed paks	82	410
Landfill closure expense	19,377	19,377
Depreciation	94,718	96,408
<b>Total Operating Expenses</b>	<b>292,283</b>	<b>289,719</b>
Operating loss	(114,057)	(125,414)
<b>Nonoperating Revenues - State PERS relief</b>	<b>8,179</b>	<b>7,826</b>
Loss before transfers	(105,878)	(117,588)
Transfers in	14,894	12,679
Change in net position	(90,984)	(104,909)
<b>Net Position, beginning</b>	<b>1,094,805</b>	<b>1,199,713</b>
<b>Net Position, ending</b>	<b>\$ 1,003,821</b>	<b>\$ 1,094,804</b>



**City of Sand Point, Alaska**  
**Refuse Collection Enterprise Fund**  
**Statement of Cash Flows**

<i>Year Ended June 30,</i>	2016	2015
<b>Cash Flows From (For) Operating Activities</b>		
Receipts from customers	\$ 150,326	\$ 145,945
Payments for goods and services	(16,789)	(28,231)
Payments for salaries and benefits	(119,387)	(138,343)
<b>Net cash flows from (for) operating activities</b>	<b>14,150</b>	<b>(20,629)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers in	14,894	12,679
<b>Net increase (decrease) in cash and investments</b>	<b>29,044</b>	<b>(7,950)</b>
<b>Cash and Investments, beginning</b>	<b>400,429</b>	<b>408,379</b>
<b>Cash and Investments, ending</b>	<b>\$ 429,473</b>	<b>\$ 400,429</b>
<b>Reconciliation of Operating Loss to Net Cash Flows From (For) Operating Activities</b>		
Operating loss	\$ (114,057)	\$ (125,414)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	94,718	96,408
Noncash expense - PERS relief	8,179	7,826
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable (net)	(27,900)	(18,360)
Deferred outflows of resources related to pensions	(25,991)	(1,871)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(55)	(381)
Accrued leave	1,189	(1,261)
Landfill closure costs payable	19,378	19,377
Net pension liability	67,931	(8,562)
Deferred inflows of resources related to pensions	(9,242)	11,609
<b>Net Cash Flows From (For) Operating Activities</b>	<b>\$ 14,150</b>	<b>\$ (20,629)</b>

**City of Sand Point, Alaska**  
**Water and Sewer Enterprise Fund**  
**Statement of Net Position**

<i>June 30,</i>	2016	2015
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash and Investments	\$ 46,821	\$ 2,123
Accounts receivable, net of allowance of \$23,324 (\$25,417 in 2015)	58,869	30,807
<b>Total Current Assets</b>	105,690	32,930
<b>Noncurrent Assets</b>		
Buildings and improvements	4,572,242	4,572,242
Equipment and vehicles	177,509	177,509
Less accumulated depreciation	(2,544,759)	(2,410,161)
<b>Total Noncurrent Assets</b>	2,204,992	2,339,590
<b>Total Assets</b>	2,310,682	2,372,520
<b>Deferred Outflows of Resources</b> related to pensions	14,989	4,947
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 2,325,671	\$ 2,377,467
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 10,108	\$ 4,994
Accrued leave	1,495	2,890
<b>Total Current Liabilities</b>	11,603	7,884
<b>Noncurrent Liabilities</b>		
Advance from other funds	763,266	763,266
Net pension liability	75,260	49,012
<b>Total Noncurrent Liabilities</b>	838,526	812,278
<b>Total Liabilities</b>	850,129	820,162
<b>Deferred Inflows of Resources</b> , related to pensions	2,091	5,663
<b>Net Position</b>		
Investment in capital assets	2,204,992	2,339,590
Unrestricted (deficit)	(731,541)	(787,948)
<b>Total Net Position</b>	1,473,451	1,551,642
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 2,325,671	\$ 2,377,467

**City of Sand Point, Alaska**  
**Water and Sewer Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended June 30,</i>	2016	2015
<b>Operating Revenues - User charges</b>	\$ 204,977	\$ 202,189
<b>Operating Expenses</b>		
Salaries and benefits	122,980	117,586
Travel and per diem	8,939	11,222
Telephone	3,837	3,966
Supplies	33,472	19,547
Contractual	31,477	-
Equipment and equipment maintenance	28,582	10,502
Dues and fees	6,345	7,204
Utilities	15,397	33,660
Fuel	20,950	27,434
Repairs	10,725	3,212
Freight/speed paks	10,361	6,474
Depreciation	134,598	143,831
<b>Total Operating Expenses</b>	<b>427,663</b>	<b>384,638</b>
Operating loss	(222,686)	(182,449)
<b>Nonoperating Revenues - State PERS relief</b>	<b>3,161</b>	<b>3,817</b>
Loss before capital contributions and transfers	(219,525)	(178,632)
Capital contributions	23,734	-
Transfers in	117,600	174,303
Change in net position	(78,191)	(4,329)
<b>Net Position, beginning</b>	<b>1,551,642</b>	<b>1,555,971</b>
<b>Net Position, ending</b>	<b>\$ 1,473,451</b>	<b>\$ 1,551,642</b>

**City of Sand Point, Alaska**  
**Water and Sewer Enterprise Fund**  
**Statement of Cash Flows**

<i>Year Ended June 30,</i>	2016	2015
<b>Cash Flows for Operating Activities</b>		
Receipts from customers	\$ 176,915	\$ 191,771
Payments for goods and services	(164,971)	(128,422)
Payments for salaries and benefits	(108,580)	(111,027)
<b>Net cash flows for operating activities</b>	<b>(96,636)</b>	<b>(47,678)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital contributions received	23,734	-
Transfers in	117,600	174,303
Decrease in advance from other funds	-	(124,502)
<b>Net cash flows from noncapital financing activities</b>	<b>141,334</b>	<b>49,801</b>
<b>Net increase in cash and investments</b>	<b>44,698</b>	<b>2,123</b>
<b>Cash and Investments, beginning</b>	<b>2,123</b>	<b>-</b>
<b>Cash and Investments, ending</b>	<b>\$ 46,821</b>	<b>\$ 2,123</b>
<b>Reconciliation of Operating Loss to Net Cash Flows for Operating Activities</b>		
Operating loss	\$ (222,686)	\$ (182,449)
Adjustments to reconcile operating loss to net cash flows for operating activities:		
Depreciation	134,598	143,831
Noncash expense - PERS relief	3,161	3,817
(Increase) decrease in assets and deferred outflows of resources :		
Accounts receivable (net)	(28,062)	(10,418)
Deferred outflows of resources related to pensions	(10,042)	(912)
Increase (decrease) in liabilities and deferred inflows of resources :		
Accounts payable	5,114	(5,201)
Accrued leave	(1,395)	2,166
Net pension liability	26,248	(4,177)
Deferred inflows of resources related to pensions	(3,572)	5,665
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (96,636)</b>	<b>\$ (47,678)</b>